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TAGS: [FAIR](#) [EINV](#) [ETRD](#) [PGOV](#) [NU](#)
SUBJECT: AIRLINE BUSINESS STEADY IN NICARAGUA DESPITE TENSE RELATIONSHIP WITH GON

CLASSIFIED BY: Callahan, RobertJ, Ambassador; REASON: 1.4(B), (D)

SUMMARY

1. (C) Despite ongoing clashes with the GON's airport authority, commercial air carriers that serve U.S./Nicaragua routes reported steady sale RELATIONS WITH AIRPORT AUTHORITY TENSE, BUT WORKABLE

2. (C) On January 28 local representatives from Continental, American, TACA and Spirit convened for the DCM's quarterly civil aviation roundt

3. (C) TACA's representative said that ramp services at Sandino are spotty; sometimes services run without a hitch, but during peak hours, whe

4. (C) The Spirit representative said that the airport's General Manager, Orlando Castillo, reports directly to President Ortega instead of th Luggage Theft

5. (C) American and TACA told the DCM that the problem of luggage theft had decreased in recent months. The Continental representative, howeve December 2009 TSA Visit and Enhanced Security

6. (C) Airline representatives told the DCM, not surprisingly, that in December 2009 EAAI increased the number of its security personnel at Sandino Airport from 80 to approximately 160 in order to impress a visiting inspection team from the Transportation Security Agency (TSA). After conducting a comprehensive examination of the airport, TSA concluded that the airport meets acceptable ICAO standards. On a related note, all of the representatives told the DCM that both the airlines and the airport are strictly adhering to TSA's latest guidance following the Detroit incident on Christmas day, and that airport security personnel are conducting 100% pat downs of all passengers. The TACA representative said that EAAI had hired additional security personnel to accommodate the new TSA guidelines.

Passenger Numbers Stable

7. (C) On the business side, airline representatives told the DCM that load factors remain high, despite the global economic crisis and the deteriorating political situation in Nicaragua. Passenger numbers remain solid on both incoming and outgoing flights. Most participants in the roundtable predicted that 2010 will resemble 2009 in terms of number of seats sold, with perhaps modest growth. To maintain load factors, however, airlines are under pressure to keep prices down, and profit margins are thin.

Iranian Attempts to Board Flight Using Forged Documents

8. (C) TACA's representative reported a recent incident in which an Iranian national attempted to board one of its flights in Managua using a photo-subbed French passport. Apparently the traveler first attempted to fly from Costa Rica to Canada, but was denied boarding and instead flew to Caracas. From Caracas, the individual flew to Managua, where he attempted to board a TACA flight to Los Angeles.

Comment

9. (C) Given Nicaragua's visa-free regime with Iran, we expect an increase in Iranians exploiting this arrangement to attempt to illegally reach the United States and Canada via Managua. On the whole, airline participants in the roundtable seemed resigned to the fact that EAAI's poor service, and its arbitrary, politicized nature, will continue into the foreseeable future. As long as load factors remain high on lucrative routes between Managua and the United States, it is likely that that these carriers will continue to plug away.

CALLAHAN